

Message Text

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PAGE 01 CANBER 04922 230740Z

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-03 H-02 PA-02 PRS-01 /111 W

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R 230711Z JUL 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 6258

INFO USMISSION OECD PARIS

AMCONSUL SYDNEY

UNCLAS CANBERRA 4922

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN, AS

SUBJECT: APPOINTMENT OF NEW GOVERNOR AND NEW DEPUTY GOVERNOR OF
RESERVE BANK OF AUSTRALIA

1. ENDING SEVERAL WEEKS OF SPECULATION, GOA ANNOUNCED
LATE JULY 21 THAT HAROLD M. KNIGHT, WHO HAS BEEN DEPUTY
GOVERNOR OF THE RESERVE BANK SINCE 1968, WOULD SUCCEED
SIR JOHN PHILLIPS AS GOVERNOR ON THE LATTER'S RETIREMENT
JULY 22. KNIGHT'S SUCCESSOR AS DEPUTY GOVERNOR IS DON N.
SANDERS, WHO HAS BEEN CHIEF MANAGER OF THE BANKING AND
FINANCE DEPARTMENT OF THE RESERVE BANK SINCE 1972.

2. WHO'S WHO IN AUSTRALIA, 1974, LISTS KNIGHT AS BORN
1919 IN MELBOURNE AND EDUCATED AT MELBOURNE UNIVERSITY.
HE ENTERED COMMONWEALTH BANK OF AUSTRALIA IN 1936 AND
CONTINUED ON THE BANKS'S STAFF UNTIL 1955, WITH TIME OUT
FOR WAR SERVICE IN THE AUSTRALIAN ARMY AND ROYAL AUSTRALIAN
NAVY. HE SERVED AS ASSISTANT CHIEF OF THE STATISTICS
DIVISION OF IMF 1955 THROUGH 1959 AND JOINED THE
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PAGE 02 CANBER 04922 230740Z

RESERVE BANK STAFF IN 1960. HIS RESIDENCE IS 39 HALL

ROAD, BEECROFT, NEW SOUTH WALES. HOME TELEPHONE
CODE 02 - 841969.

3. DESIGNATION OF KNIGHT WELL RECEIVED IN BUSINESS
CIRCLES AS SOLID PROFESSIONAL APPOINTMENT OF CAREER
BANKER FOLLOWING EXTENDED PERIOD OF SPECULATION WHICH
INVOLVED VARIETY OF POSSIBLE CANDIDATES FROM NON-BANKING
CIRCLES. KNIGHT GENERALLY VIEWED AS COMPARATIVELY
CONSERVATIVE ORTHODOX CENTRAL BANKER AT TIME WHEN
FISCAL CONTROLS APPEAR LIKELY TO HAVE INCREASING
PRIORITY IN PUBLIC POLICY. RECENT KNIGHT COMMENT ON
AUSTRALIAN ECONOMIC SITUATION QUOTED IN PRESS AS FOLLOWS:
QTE THIS IS NOT A KEYNESIAN SITUATION. IT IS OUTSIDE
THAT EXPERIENCE. I THINK WE ATTACK INFLATION FIRST
AND GET THAT BEATERN, AND WE WILL GET UNEMPLOYMENT DOWN.

QTE MY VIEW AND THE BANK'S VIEW IS THAT THE GOVERNMENT
SHOULD BRING DOWN A BUDGET NO WORSE THAN LAST YEAR'S
\$2.5 BILLION DEFICIT. WE CANNOT BE DESCRIBED AS GROS
CONTRACTIONISTS, BUT IT IS DRYING OUT THE ALCHOLIC
BY DEGREES. END QTE.

4. IT IS INTERESTING TO NOTE THAT THE DEFICIT SUGGESTED
IN THE KNIGHT STATEMENT COINCIDES WITH THE \$2.5 BILLION
LIMIT REPORTEDLY ADOPTED BY TREASURER HAYDEN IN CONNECTION
WITH THE CURRENT CABINET REVIEW OF THE FORTHCOMING BUDGET
PROPOSALS.
GREEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, PERSONNEL APPOINTMENTS, BANKERS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CANBER04922
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750253-1183
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750727/aaaaaxqs.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 11 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 FEB 2003 by ThomasVJ>; APPROVED <17 MAR 2004 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: APPOINTMENT OF NEW GOVERNOR AND NEW DEPUTY GOVERNOR OF RESERVE BANK OF AUSTRALIA
TAGS: EFIN, AS, (KNIGHT, HAROLD M), (PHILLIPS, JOHN), (SANDERS, DON N)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006